

Chapter 5

Central and Eastern European Countries

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5.1 Introduction

First of all, it is necessary to be precise concerning the geographical coverage of this chapter. European countries with transition economies are situated in Central and Eastern Europe and include Albania, Armenia, Azerbaijan, Belarus, Bosnia Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzia, Latvia, Lithuania, Macedonia, Moldova, Poland, Romania, Russia, Slovakia, Slovenia, Tajikistan, Turkmenistan, the Ukraine, Uzbekistan and Yugoslavia. All of these countries, which are based on the ruins of former socialist systems that collapsed in the early 1990s, are now undergoing a transition from administrative to market economies. The real estate market has emerged as one of the essen-

tial elements of a market economy in those countries. In the Baltic States of Estonia, Latvia, and Lithuania, as well as in Poland and in Slovenia, the traditions of university education and of the market still existed. Real estate education is therefore more developed in those countries and they are not covered in this section, since they have their own chapters in this monograph.

The evolution of real estate education in countries with transition economies is occurring naturally. There were real estate agents even during the period of socialism, although the profession was then illegal. After economic liberalisation, legitimate real estate offices began to be opened. However, some of their owners continued to run their businesses in ways that were neither very transparent nor ethical, as they used to during the previous regimes. Nevertheless, those active in the new field soon began to understand that it is necessary to pursue ethical norms of behaviour for a number of reasons. These are: to enhance mutual co-operation in all areas of real estate; to increase the quality of services; to exert influence on government in order to update the legislative conditions related to real estate activity; to open their activities to the world; and to implement modern management methods. With the emergence of real estate markets, professionals felt the need to be active in the market and to understand its principles. These professionals are real estate agents or brokers, real estate developers, real estate valuers or appraisers, and real estate managers. They have joint professional societies, which have become members of international organisations. In this region, widely recognised international organisations are the European Real Estate Society, ERES, the European Group of Valuers' Associations, TEGoVA, and the International Real Estate Federation, FIABCI.

Subsequently, with the growing need for specialists, a training system for professionals appeared and, as a result of this, the development of real estate education. As a first stage, needs have been met through various educational programmes designed, in general, to re-train economists, engineers, and lawyers.

The next stage was the appearance of university real estate programmes. Society views a real estate professional ideally as a specialist with Master's degree from a technical or economic university. To begin with, Western European programmes (see *e.g. Schulte 1998*) were quickly applied. The requirements of higher education are quite naturally that the professional should be at the equivalent of partner level, or in management in the appropriate departments of economic entities and, especially, of financial institutions. This also applies to work for judges, notaries public, attorneys-at-law, architects and engineers (in court, before building authorities, etc.). Further, a demanding, specialised postgraduate study is required as follow-up to the university qualification. No amount of experience can substitute for a uni-

versity education: to analogue, "A nurse with ten years' experience cannot do a doctor's work".

However, the introduction of the university real estate specialisation also created the prospect that graduates might have a problem in finding jobs in the industry in the future. This has already happened in some countries, for instance in the case of students who had specialised in insurance and banking. During the last ten years, rapidly developing banking services have attained their threshold of saturation. The introduction of a specialised real estate programme, with the tuition of small groups of students for a limited employment market, makes such a study quite expensive. This brings into question the ideal educational profile for the future real estate specialist. Should he or she receive a very narrow and specialised education, applicable only to the real estate field? Or should it rather involve broader, less specialised knowledge, enabling the graduate to find a future job in an adjacent field where some of his or her learning would still be of relevance?

The globalisation of real estate markets, the weakening role of national states and the European integration processes are the strong forces that will gradually change the existing situation in the countries in review. The universities in the region will probably have to do something about specialised education for real estate professionals. The preparation of the high quality, specialised programmes in real estate will take some time, because it will be necessary to educate professors to teach real estate. There is also the question of available financial resources for the preparation of new programmes. In most of the countries in transition, the present situation of university education is not very favourable to the opening of new specialisations. This is a result of the public finance crisis, when less and less funds flow to the universities. As a result, young people do not want to work as professors, and thus, the average age of university teachers is increasing. For the future of the universities this development is particularly unhealthy. At some stage, we must expect a radical shortage of highly qualified university teachers. At the same time, the increasing average age of university staff means that the academic senates, which are the important part of the university self-government, are also ageing and becoming more conservative. They are therefore less willing to support innovations such as the introduction of new university specialisations. The policy of low wages for professors means that, at the same time, an important part of the universities' staff begin to consider their university employment as being of a secondary nature. As what may actually become their first priority, they try to earn money outside the university. The private universities could play some role in changing these unfavourable trends, although so far their role is only marginal. For the majority of the population, however, they are just too expensive.

This situation is typical for all countries but of course every country has its specific characteristics. In some countries, such as Albania, Bosnia, Macedonia, some regions of Russia, Tajikistan and Yugoslavia, the political situation is unstable and there are even armed conflicts. In these conditions, the real estate market loses its importance and as a result real estate education is decreasing and even disappearing. For these and other reasons, there is no real estate education in Armenia, Azerbaijan, Bosnia, Croatia, Georgia, Kazakhstan, Macedonia, Tajikistan, Turkmenistan, or Yugoslavia. This article therefore does not cover those countries.

Nevertheless, there is real estate education in this region. As a typical example, the situation in Belarus was chosen, not only for its geographically central position in the region, but also for its median position in the development of the real estate market and real estate education. The personal bias of the author has also played a role in the choice. These are the reasons for selecting Belarus as a typical example of real estate education in countries with transitional economies. The major differences between Belarus and the other countries will be discussed later in this article.

5.2 Belarus

5.2.1 Introduction

The real estate market in Belarus is still modest (*Trifonov 1999*). Prices are relatively low compared with those quoted in the developed economies and in neighbouring Russia. Property transactions are encumbered with many difficulties, as a result of an insufficient legal basis. Transactions are also affected by high levels of inflation, which causes very high interest rates on long-term loans. In Belarus, there are no strict barriers to prevent the inflow of foreign capital. In such cases (e.g. for purchasing land) foreign investors have, in effect, better conditions than domestic investors.

The transition to a market economy and the process of privatisation in Belarus has created the need for professionals in the emerging real estate market. Real estate education began in Belarus in 1995, when short courses for post-graduate students were established and, later, a programme for high school students.

In this article the following issues are covered:

- The real estate profession in Belarus,
- Real estate research in Belarus,

- Real estate programmes in Belarusian universities (degree specialisation, brief programme description, student numbers, teaching methods, ranking, etc.).

5.2.2 The Real Estate Profession and Research in Belarus

With the developing real estate market, a number of real estate professionals have appeared in Belarus. Most of them are members of the Belarusian Real Estate Guild, BREG. BREG is a republican, public, non-government, non-commercial organisation, which was registered with the Ministry of Law of the Republic of Belarus in 1994. Among its founders were representatives of the major bodies which own, manage, and dispose of real estate properties in the republic, e.g. ministries, local municipal authorities, commercial banks, main development organisations, real estate agencies, state and private enterprises as well as individual businessmen. BREG members include all kinds of real estate professionals, such as agents, investors, developers, valuers, owners, managers, constructors and builders, as well as interested foreign investors and property professionals, who may be looking to the Belarus market to increase efficiency and co-operation in all stages of the development process.

Its main aims are:

- to promote marketing instruments for the privatisation of state property,
- to assist in the forming of a modern real estate market in Belarus,
- to carry out consultancy in the real estate fields of renting, selling and buying as well as investing.

BREG is one of the largest public organisations in the Belarus property market. It has about 100 firms and individuals as members. As well as local real estate market players, firms from Russia, Lithuania and Germany have become foreign members of BREG. There are collaboration agreements between BREG and the Ministry of Management of State Property and Privatisation of the Republic of Belarus, the Bulgarian National Real Property Association, the Russian Guild of Realtors, the Association of Real Estate Professionals (Realtors) of Ukraine and the Moscow Association of Realtors. BREG is an institutional member of the European Real Estate Society, ERES. Every year, in autumn, the Belarusian Real Estate Guild, together with government bodies, manages the International Real Estate Fairs of the CIS Countries.

For the last few years, BREG has conducted real estate research in Belarus. From 1997 onwards, the Republican workshop for real estate econom-

ics and valuation has been in operation. As a result, different market analyses have appeared. There are no real estate research societies in Belarus. BREG plays a role, as does the Belarusian Society of Valuers, BSV, which analyses the real estate market. In 1999, a system of regular BSV property indices was produced (*Trifonov 2000*), and from summer 2000, BSV apartment indices have been produced weekly. There is no real estate journal, but some years ago, the first specialised newspaper, *Building and Real Estate*, appeared.

In 2000, state licensing of real estate agents was introduced. The Ministry of Management of State Property and Privatisation issues the licences. The requirements are for applicants to have had higher education in real estate or at least three years' experience.

5.2.3 Real Estate Programmes in Belarusian Universities

5.2.3.1 Overview

In 1995, BREG began the first real estate course in Belarus (*Trifonov, Levkovich, Sapelkin 1999*). It collaborated with various bodies for the professional training of real estate brokers and, later, real estate valuers. As the result a two-week course for real estate agents aimed at re-training of high school graduates was arranged. It was carried out with support from the Minsk City Employment Service. The course consisted of 58 to 66 hours of lectures. Such courses since have been offered twice a year. A typical time schedule for the course is shown in Table 1. The same programme is applied in the process of state licensing of real estate agents.

Table 1: Typical time schedule

| No | Name of subject | Amount of hours |
|----|---|-----------------|
| 1 | Introduction to the speciality | 2 |
| 2 | Real estate market in Belarus | 4 |
| 3 | Apartments as goods | 6 |
| 4 | Legal base of real estate | 4 |
| 5 | Real estate investment | 4 |
| 6 | Technology of real estate agency | 4 |
| 7 | Structure of real estate agency | 4 |
| 8 | Characteristics of exchange transactions | 2 |
| 9 | Characteristics of lease transactions | 2 |
| 10 | Pricing. Base of real estate valuation | 6 |
| 11 | Methods of privatisation of state property | 2 |
| 12 | Psychological base of activity of the real estate agent | 2 |
| 13 | Computer maintenance and technology of real estate transactions | 4 |

| № | Name of subject | Amount of hours |
|----|---|-----------------|
| 14 | Law of security of lot house building | 4 |
| 15 | Taxation and income declaration of real estate transactions | 4 |
| 16 | Notarial certification of real estate transactions | 4 |
| 17 | State registration of real estate transactions | 6 |
| 18 | Basics of residential property management | 6 |
| 19 | Examination. Distribution | 6 |

Higher education establishments in Belarus with real estate programmes are the Belarusian State University, BSU, and the Belarusian State Polytechnical University, BSPU. The specialisations are real estate management and, in the BSU only, real estate valuation. The normal duration of a programme is 5 years, following a general secondary education. The concentration of the curriculum on professional aspects ensures a good reception by the profession to the qualification of "Economist-manager of real estate". The total number of students taking such specialisations is about 400, with about 150 new entrants a year (100 at the BSU and 50 at the BSPU). In addition, at the BSU about 60 students each year are awarded the real estate qualification as a second one. The specialisations are new, the first students have been registered in 1995. The fact that they have appeared in the state universities has resulted in the curriculum being very similar to those of the traditional economics or engineering specialties in these universities.

Entry requirements, for the educational level of applicants and the composition of entrance tests are not below the average for full secondary education in the Republic of Belarus. Scholastic subjects on which an entrance test for applicants can be set are:

- Mathematics,
- Physics,
- Belarusian (or Russian) language and literature.

Future subjects for professional specialist activities will include: different forms of property companies; joint ventures; public housing management bodies and services; construction companies and usage of engineering networks of various purposes; hotel facilities and home service systems; management and personnel departments of ministries; enterprises and organisations; centres of professional orientation; courses of employment service; labour exchanges; social insurance services; organs of regional and municipal administration; real estate agencies; real estate development companies; real estate valuation organisations; real estate leasing companies; research and production associations; banks; financial; leasing; insurance companies;

investment and trust funds, as well as other organisations in the real estate market.

The features on which the award of the qualification of economist-manager in real estate is decided are as follows:

The specialist must have a high level of humanitarian, social, scientific, professional and special knowledge, allowing the successful realisation of a professional adaptation for the accumulation of practical skills and providing further creative activity, after the conferring on him of corresponding qualifications or academic degrees.

Having a fundamental scientific and practical education, the specialist must himself take professional decisions with regard to the social and ecological consequences of his activities, continuously renewing his own knowledge, analysing historic and modern problems of the economic and social life of society, knowing his role in professional activity, and the problems and trends of the world's real estate development.

The specialist must also be able to communicate effectively, both orally and in writing, and be able to use at least one foreign language (usually English) in his or her professional activity. He must know the bases of world and domestic culture and be aware of the need for constant professional, cultural and physical self-improvement. The structure of the scholastic plan of the profession is presented in Table 2.

Table 2: Structure of the Scholastic Plan

| № | Name of discipline | Total hours | Including auditorium hours |
|----------|---|--------------------|-----------------------------------|
| | Cycle of humanitarian and social disciplines | 2100 | 1400 |
| 1 | Theory and history of culture | 96 | 80 |
| 2 | Ethics | 48 | 40 |
| 3 | History of Belarus | 108 | 90 |
| 4 | Economic theories | 120 | 100 |
| 5 | Bases of pedagogy and psychology | 86 | 72 |
| 6 | Philosophy | 120 | 100 |
| 7 | Sociology | 66 | 54 |
| 8 | Politics | 86 | 72 |
| 9 | Bases of law | 48 | 40 |
| 10 | Belarusian language (professional lexicon) | 72 | 60 |
| 11 | Foreign language | 520 | 432 |
| 12 | Physical education | 458 | - |
| 13 | Additional studies | 272 | 260 |
| | Cycle of scientific and professional disciplines | 2862 | 2117 |
| 1 | Higher mathematics | 442 | 324 |
| 2 | Computer science | 368 | 270 |
| 3 | Physics | 98 | 72 |

| № | Name of discipline | Total hours | Including auditorium hours |
|----|--|-------------|----------------------------|
| 4 | Engineering and computer graphics | 98 | 72 |
| 5 | Ecology | 74 | 54 |
| 6 | Population protection in extreme situations | 98 | 72 |
| 7 | Microeconomics | 98 | 72 |
| 8 | Modern technologies | 172 | 126 |
| 9 | Statistics | 172 | 126 |
| 10 | Macroeconomics | 122 | 90 |
| 11 | Pricing | 98 | 72 |
| 12 | Economics of enterprise | 94 | 68 |
| 13 | World economy and international economic relations | 70 | 51 |
| 14 | Mathematical modelling in economics and management | 94 | 68 |
| 15 | Accounting and audit | 232 | 170 |
| 16 | Information technologies in economics and management | 70 | 51 |
| 17 | Standardisation, certification and quality control | 94 | 68 |
| 18 | Taxes and taxation | 94 | 68 |
| 19 | Finance and credit | 116 | 85 |
| 20 | Protection of labour | 70 | 51 |
| 21 | Additional studies | 88 | 87 |
| | Cycle of special disciplines | 1840 | 1502 |
| 1 | Foreign language in business relations | 168 | 136 |
| 2 | Organisation of labour and salary | 85 | 68 |
| 3 | Marketing and market study | 126 | 102 |
| 4 | Ethics of business relations and culture of speech | 106 | 85 |
| 5 | Management theory | 106 | 85 |
| 6 | Economic sociology | 85 | 68 |
| 7 | Insurance in commercial activity | 64 | 51 |
| 8 | Psychology of management | 85 | 68 |
| 9 | Production management | 106 | 85 |
| 10 | Personal management | 85 | 68 |
| 11 | Financial management | 85 | 68 |
| 12 | Study of Conflict | 42 | 34 |
| 13 | Legal regulation of economic and management activity | 85 | 68 |
| 14 | Strategic management | 126 | 102 |
| 15 | Commercial risks and theory of decision making | 85 | 68 |
| 16 | Administrative management | 85 | 68 |
| 17 | Innovation and investment management | 106 | 85 |
| 18 | Foreign economic activity | 64 | 51 |
| 19 | Additional studies | 146 | 142 |
| | Cycle of disciplines for specialisation | 638 | 578 |
| 1 | Real estate market | 88 | 68 |
| 2 | Construction of buildings | 12 | 102 |
| 3 | Technical expertise of buildings | 85 | 85 |
| 4 | Real estate management | 102 | 102 |
| 5 | Economic valuation of property | 88 | 68 |
| 6 | Real estate marketing | 51 | 51 |
| 7 | Legislative base of real estate market | 88 | 68 |

| № | Name of discipline | Total hours | Including auditorium hours |
|---|-------------------------------|-------------|----------------------------|
| 8 | Mortgage and credit system | 34 | 34 |
| | Disciplines by student option | 75 | 50 |

Work experience is a part of the general process of preparing the specialist, continuing the scholastic process in working conditions and is conducted in leading companies and organisations in the field. Work experience is aimed at applying, in working conditions, the knowledge gained in the university on the mastering of production skills, leading technologies and methods of labour and management. Work experience is organised with provision for the profile of the future specialisation. The following types of work experience (total 22 weeks) are stipulated for the award of the qualification of economist-manager in the real estate market:

- sociological (scholastic) work experience,
- economic (production) work experience,
- accounting (production) work experience,
- management (production) work experience,
- graduate work experience.

To give an indication of the flavour of specialised disciplines, programme descriptions of courses which have been organised by the author in Belarus are shown below:

5.2.3.2 Real Estate Market

Aims and tasks of the discipline and its place in the scholastic process:

The course "Real estate market" has the aim of providing, for both theoretical and practical training of engineers-economists in the field, knowledge of the basic performance of the real estate market, study approaches and methods of analysis of the market, its structure and dynamics of development in transition economics. As a complex scholastic discipline, the course "Real estate market" has a relationship with the series of disciplines which includes "Higher mathematics", "Bases of market economics", "Economic valuation of real estate objects". Each topic covered normally has 2 hours of lectures and 2 hours of seminars. The course is concluded by an examination.

Section 1: Introduction

- Theme 1.1. Introduction to the speciality
- Theme 1.2. Real estate and market.
- Theme 1.3. Real estate as goods

Section 2: Sectors of the Real Estate Market

- Theme 2.1. The market for land
- Theme 2.2. Housing market
- Theme 2.3. Market of non-residential real estate

Section 3: Participants in the Real Estate Market

- Theme 3.1. Agents, developers and managers
- Theme 3.2. Real estate valuers

Section 4: Operations in Real Estate

- Theme 4.1. Real estate transactions
- Theme 4.2. Real estate investment
- Theme 4.3. Criminal aspects of the real estate market

Section 5: International Real Estate Markets

- Theme 5.1. Foreign real estate

Section 6: Legal Regulation in the field of Real Estate

- Theme 6.1. Legal system of the Republic of Belarus
- Theme 6.2. Land-legal regulation
- Theme 6.3. Notarial certification and state registration of real estate transactions
- Theme 6.4. Protection of judicial rights, in relation to real estate

5.2.3.3 Economic Valuation of Property

Aims and tasks of the discipline and its place in the scholastic process:

The course “Economic valuation of property” provides theoretical and practical education for engineers and economists in the main aspects of property valuation, the study of approaches and the methods of economic motivation used in the appraisal of the market value of property in the conditions of a transition economy. As a complex scholastic discipline the course “Economic valuation of property” has a relationship with disciplines such as “Higher mathematics”, “Bases of market economics”, “Real estate market”, and “Accounting and audit”. Each topic covered normally has 2

hours of lectures and 2 hours of seminars. The course is concluded by an examination.

Section 1: Introduction

- Theme 1.1. Completely theoretical and normative bases of valuation
- Theme 1.2. General questions of real estate valuation

Section 2: Time Value of Money

- Theme 2.1. Functions of accumulation
- Theme 2.2. Functions of discounting
- Theme 2.3. Value equation
- Theme 2.4. Constant accumulation model: additional information
- Theme 2.5. Functions of annuities
- Theme 2.6. Six functions of money for model of constant accumulation

Section 3: Income Approach

- Theme 3.1. Principles of the income approach to the real estate valuation
- Theme 3.2. Capitalisation when capital value changes
- Theme 3.3. Discounted cash flow analysis

Section 4: Valuation of Land

- Theme 4.1. Valuation of land: legal basis and practice

Section 5: Cost Approach

- Theme 5.1. Principles of cost approach to real estate valuation
- Theme 5.2. Depreciation, its types and methods of determination

Section 6: Comparative Approach

- Theme 6.1. Principles of the comparative approach to real estate valuation
- Theme 6.2. Adjustment process

Section 7: Reconciliation of Results and Expert Conclusion

- Theme 7.1. Principles of reconciliation of results of valuation and composition of conclusions
- Theme 7.2. Conclusion remarks

The following types of assessment are applied in the award of the qualification of economist-manager in real estate:

- examinations, differentiated tests and tests on each discipline;

- a certification after studying the main disciplines of the humanitarian-social cycle and the cycle of scientific and whole professional disciplines, after completing a programme of two years of education;
- total state certification by the state professional examination, and defence of the degree project before the state examination commission.

Requirements and conditions of realisation of the main educational programme are as follows:

The duration of the educational programme, five years, is equivalent to 252 weeks, of which there are 157 weeks of theoretical education, 22 weeks of work experience, 15 weeks for preparation and delivery of state examination, and 32 weeks of vacation, including four weeks of post-graduate furlough.

Educational technologies must be employed to ensure the achievement of requirements to an appropriate level.

Requirements of the scholastic plan for the profession:

- the maximum scholastic load on students must not exceed 54 hours a week, including all types of activity;
- obligatory requirements of students must be between 28 and 36 hours a week, which is defined with provision for specifics of building the scholastic process, equipping the scholastic-laboratory base, and the systems of provision of academic literature;
- students' independent work when preparing for examinations is considered as a type of scholastic work related to the subject and is executed within the hours allowed for the subject;
- course projects are carried out within the hours allowed for the particular subject.

Teachers must have a higher education qualification corresponding to the profile of the teaching discipline, or a corresponding scientific qualification in terms of degree or rank. All courses in the scholastic plan must be provided with academic documentation on all types of scholastic occupations.

The laboratories must be equipped to allow the undertaking of laboratory work in:

physics, information science, mathematical modelling in economics and management, accounting and audit, information technologies in the economy and management, population protection in extreme situations, ecology, labour protection, standardisation, certification and quality control, financial and strategic management, commercial risk and theory of decision making,

innovation and investment management, as well as in specialised disciplines such as the real estate market, economic valuation of property. Display time must be not less than 50 hours per student per annum.

The curriculum of the programme for real estate valuers differs, with more specialised subjects in the area for which the course “Economic valuation of property” described above serves as a basis. The post-graduate Master’s course (2 years) is dedicated to business valuation.

To summarise: we must underline that state higher education establishments in Belarus have many courses for general education but relatively few for specific professional education. This is a peculiarity of real estate education, which is based on the previous state educational system, in countries with transition economies.

5.3 Albania

Albania underwent a transition to a full market economy in 1992. Before that, private land ownership had not been possible and there was no form of real estate market. Within the first few years after the transition, prices for land and buildings greatly increased. This increase was caused mainly by the large numbers of foreigners coming into the country for the first time. As the numbers of foreigners have stabilised, so has the price level. In many parts of the country however, there is still no real estate market. As of a year ago, though, transactions were beginning to occur in the major towns and cities and information was more readily available. In addition, the government has been using indices to set the value for land when it is to be rented or sold, or to settle the compensation claims of former owners. These indices have regard to a town’s population, the situation according to zones or in relation to road access, and the development possibilities of the land. The sale value is calculated as ten times the rental value. Other methods, which do not specifically take account of the market, have been developed for privatisation. However changes are being introduced, including the concept of market value.

With the beginning of market liberalisation, the first real estate educators appeared. They began their work with the creation of the Albanian Society of Real Property Valuers. This group now enjoys membership of TEGoVA. The Society organises and administers the system for the licensing of valuers, on behalf of the government. In the last seven years, educational programmes have been established both at the University of Tirana and in a co-operative project between the Ministry of Public Works and the Society. These are the only two courses that have been established in Albania. They

provide the basic education required for professionals to apply for the necessary licence to learn the profession of valuer.

There is also an Albanian Real Estate National Association which is a member of the ERES.

Unfortunately, the political situation during the last two years has practically terminated real estate education. Some leading teachers have had to emigrate from the country.

5.4 Bulgaria

In Bulgaria there is a relatively stable real estate market including housing, commercial and industrial real estate. There are many real estate agencies, in the capital Sofia and in other cities, especially those on the Black Sea Coast. The agents have joined the National Real Property Association. Real estate newspapers have also been established.

There are two professional societies of valuers in Bulgaria, namely the Association of Business Appraisers, ABA, and the Bulgarian Association of Valuers of Real Property, BAVRP. ABA unites (*Parvanov 1996*) the efforts for professional manifestation of valuers of all kinds of assets, regulated by the Ordinance for Appraisal of Projects Envisaged for Privatisation. These include real estate, businesses, rights over industrial and intellectual property, machinery and equipment and works of art. ABA was registered as a legal person in 1992, as a voluntary non-government and independent non-profit organisation. It has more than 750 individual members. ABA is also a TEGoVA member. In the field of real estate education, Bulgaria currently only offers short-term courses, which are organised by the professional societies.

5.5 The Czech Republic

In the Czech Republic, many real estate agencies have joined the Association of Real Estate Offices of Bohemia, Moravia and Silesia. There is also a Chapter of FIABCI. Most valuers are members of the Czech Chamber of Appraisers, which is also a TEGoVA member. The Central European Real Estate network, CEREAN, is based in Prague.

In the Czech Republic, there is a higher education programme in real estate. Within the frame of the University of Economics, Prague, a Valuation Institute BEWERT has been created.

5.6 Kyrgyzia

The shaping of the real estate profession in Kyrgyzia began in spring 2000, following the edict of the President of the Kyrgyzian Republic "On some measures on the further development of the real estate market in the Kyrgyzian Republic". This document states that the all-out development of the real estate market is one of the most important aims of state policy. Development of the market will be based on the free realisation of rights of physical and juridical persons in real estate, and their guaranteed protection, as well as on maximum liberalisation of the currently prohibitive mechanisms of government regulation of the property market. In mid-2000 the Government approved the concept of the development of a real estate market in the Kyrgyzian Republic, which, in particular, includes organisation of:

- Independent and professional valuation activity,
- Realtor activity.

A non-governmental public association "Trustee", which unites property valuers and other independent real estate market specialists has been created.

In the field of real estate research, the Kyrgyzian-Russian Slavonic University is leading work on a market study of urban residential property, with the aim of carrying out rapid valuations and the approval of strategies for mass computer appraisal of urban properties. In autumn 2000 the first scientifically-practical conference on the problems of independent valuation activity covered real estate questions to a considerable extent.

Real estate education started in 1997, when the Kyrgyzian-Russian Slavonic University began enrolment on its programme for the qualification of "Economist-mathematician" with the specialisation "Real Estate valuer". The programme has a curriculum that allows for more than 8,000 hours of lectures over a 5-year course. 15 students are enrolled each year. As well as traditional disciplines in the field of higher mathematics (mathematical analysis; linear algebra; mathematical logic; differential equations; numerical methods; probability theory and mathematical statistics) the curriculum also includes subjects such as: economic modelling; optimal control of economic systems; game theory; mathematical methods of financial analysis; cluster analysis and others, which form a good foundation for the scientific approach to valuation. The specialisation "Real Estate valuation" has more than 600 hours of lectures over a 14-week period. The subjects studied include the following courses: legal basis of the real estate market; valuation; real estate statistics; basis of mortgages; operational research in the real estate market; methods of financing real estate, systems of real estate registration; risks and real estate insurance.

In 1998, the Kyrgyzian State University of Construction, Transport and Architecture began a programme in "the Valuation and management of property". As well as the 5-year higher education programme there is a 2½-year "refresher course" (second higher education). Subjects offered include:

1. Valuation and management of property with specialisation in:
 - 1.1. Valuation and management of real estate.
 - 1.2. Valuation of machinery, equipment and transport facilities.
2. Expertise and management of real estate.
3. Management on branches.
4. Information systems in the economy.

5.7 Moldova

The real estate market in Moldova is very weak. In effect, it only exists in the capital of Chisinau. The first professional organisation in the real estate field, the Association of Professionals in Real Estate, was established in 1996. Later, in 1998, the Moldovan Association of Professional Valuers was created and has obtained Associate Membership of TEGoVA. In 1999, these two societies merged to form the National Real Estate Chamber of the Republic of Moldova, CNIRM. The Moldavian membership of TEGoVA was transferred from MAPV to CNIRM. Since the amalgamation, CNIRM has been registered with the Ministry of Justice, together with the Statute, Membership Rules and Regulations and the Code of Professional Ethics. So far there is no real estate education in Moldova.

5.8 Romania

The real estate market in Romania is quite well developed. The country is open for foreign investment. The Association of Romanian Valuers, ANEVAR, is a member of TEGoVA.

5.9 Russia

Education in the field of real estate in Russia, or the Russian Federation (RF), has wholly been inserted in the scheme provided at the beginning of the section on Belarus. However, such a big country, the largest mentioned in our review, requires to be analysed in detail.

The main public bodies in the field of real estate in Russia are the Russian Guild of Realtors, the Moscow Guild of Realtors and the Russian Society of Appraisers. The headquarters of all three organisations are in Moscow.

Originally, real estate education was associated solely with these organisations, within a framework of short courses or seminars organised by means of grants from the World Bank and other international and, principally American, foreign national organisations, such as USAID. From the beginning, short-term courses were established mainly in the major cities such as Moscow and St. Petersburg. Later, such activity was extended as travelling seminars all over Russia, e.g. in Chelyabinsk, Omsk, Kazan, Kaluga, Archangelsk, Ekaterinburg and other cities. The book *Income Property Appraisal and Analysis* by J.P. Friedman and N.J.D. Ordway is the most popular manual used by Russian valuers.

In the last few years, university programmes in real estate have appeared in Moscow and St. Petersburg, mainly on the base of the economic professions. Courses in real estate management and real estate valuation are typical. In Moscow, the courses are run at the Financial Academy of the Russian Federation Government, the Plekhanov Economic Academy, and the Real Estate and Construction Business Institute. In St. Petersburg, the University of Economics and Finance as well as in the Technological University run real estate programmes.

In some universities, a higher level programme in real estate, usually dealing with valuation, has been established. One exists in the Financial Academy in association with the Institute of Professional Valuation, others in the Plekhanov Economic Academy and the Technological University, both in association with the Institute of Qualification Promotion.

In Russia there are legal requirements, such as federal licences for valuation activity. These requirements have an inevitable effect on the curriculum. A typical curriculum for valuation licences is shown below.

The need for licensing is usually explained by the fact that the standards expected from valuers have greatly increased. Licensing has been introduced in four areas: valuation of real estate; valuation of machinery, equipment and transport facilities; valuation of objects of intellectual property and nonmaterial assets; and company valuation. A licence to value companies is general, since this type of valuation activity requires knowledge and skills from all the other types of valuation. Therefore, a company that has a licence for the valuation of businesses is authorised to carry out any type of valuation work.

According to the Federal Law "On valuation activity in the Russian Federation", by not later than 2000, the Ministry of Education, with the participation of Ministry of State Property, must have prepared proposals for educational programmes. Success in these will meet the demands of positions of the Law under federal licensing. The status of the programmes is as professional refresher courses, success in which is confirmed by the issue of a state diploma. The length of the programmes varies from 500 academic hours for

specialisation in onedirection to 800 academic hours for the general specialisation “Valuation of businesses”.

Programmes built on the block principle are under development. The first block includes a range of professional, economic and financial disciplines. The second covers professional topics, providing general knowledge on the methodologies of valuation and separate aspects of valuation activity, while the third is devoted to the chosen specialisation, covering the finer points of valuation in the chosen subject area.

The programme of qualification for a general federal licence in valuation is titled “Professional valuation and expertise of objects and ownership on directions of valuation activity” with the specialisation of “Valuation of enterprises (business) and other types of property”. On completing the course, students are awarded a state diploma, which certifies conformity with the qualifications on conduct of professional activity in the field of valuation and expertise of objects and ownership, required for a general federal licence. This authorises activity in all licensed aspects of valuation work as well as certifying compliance with the educational level of qualification referred to as “expert appraiser” (on the guideline of valuation activity) in accordance with the resolution of the Ministry of Labour.

The programme of the professional refresher course “Professional valuation and expertise of objects and ownership in the spheres: real estate, land and natural resources; machinery, equipment, transport and auto-transport facilities; intellectual property and nonmaterial assets; business of enterprises and securities, rights of requirements of obligations; investment projects” is presented below. It includes more than 800 hours, covered in either three sessions of three weeks or six sessions of 1½ weeks.

| № Session | Name and stages |
|-----------|---|
| 1.1 | Block of complete topic: “Bases of valuation activity” |
| 1.2 | Theory and practice of valuation of real estate and bases of valuation of other types of property |
| 1.3 | Theory and practice of valuation of machinery, equipment, transport and auto transport facilities |
| 1.4 | Theory and practice of valuation of intellectual property and nonmaterial assets |
| 1.5 | Theory and practice of valuation of businesses and valuation analysis of enterprise activity |
| 1.6 | Special block: “Professional practice of valuation of businesses and other types of property” |
| 1.7 | Preparation and delivery of state exam |

Below we present the scholastic plan of the programme "Professional valuation of objects and ownership" with the specialisation "Company Valuation of and other types of property".

| № | Name of sections and discipline | Amount of hours | | | Private Study | Form of control |
|-------|--|-----------------|------------|-----------|---------------|-----------------|
| | | Whole | Lectures | Seminars | | |
| 1 | Base discipline | | | | | |
| 1.1 | Legal ensuring of shaping, turning and valuation of property | 20 | 20 | | | Test |
| 1.2 | Micro- and macroeconomic bases of market pricing | 20 | 10 | 10 | | Test |
| 1.3 | Accounting and audit | 36 | 24 | 12 | | Exam |
| 1.4 | Economic analysis | 20 | 16 | 4 | | Exam |
| 1.5 | Taxes and taxation | 16 | 8 | 8 | | Test |
| 1.6 | Mathematical methods in valuation | 28 | 14 | 14 | | Test |
| 1.7 | Bases of theory of property valuation | 16 | 8 | 8 | | Test |
| 1.8 | Organisation and financing of investments | 20 | | | | Test |
| | TOTAL | 176 | 100 | 76 | | |
| 2 | Professional Aspects | | | | | |
| 2.1 | Theory and practice of real estate valuation and bases of valuation of other types of property | | | | | |
| 2.1.1 | Theoretical bases of real estate valuation | 72 | 20 | 18 | 34 | Exam |
| 2.1.2 | Pricing in construction | 20 | 16 | 4 | | Test |
| 2.1.3 | Practice of real estate valuation. Term paper on valuation | 52 | 24 | 12 | 16 | Test |
| 2.1.4 | Valuation of land | 32 | 22 | 10 | | |
| | TOTAL | 176 | 82 | 44 | 50 | |
| 2.2 | Theory and practice of valuation of machinery, equipment and transport facilities | | | | | |
| 2.2.1 | Theoretical bases of valuation of machinery, equipment and transport facilities | 50 | 20 | 20 | 10 | Test |

| | | Amount of hours | | | | |
|--------------|--|-----------------|-----------|-----------|-----------|------|
| 2.2.2 | Pricing in machine building and device building | 24 | 8 | 8 | 8 | Test |
| 2.2.3 | Practice of valuation of machinery, equipment and instruments. Term paper on valuation | 40 | 14 | 8 | 8 | Test |
| 2.2.4 | Valuation of transport facilities and systems | 40 | 20 | 12 | 10 | Test |
| TOTAL | | 154 | 60 | 60 | 34 | |
| 2.3 | Theory and practice of valuation of nonmaterial assets and intellectual property | | | | | |
| 2.3.1 | Theoretical bases of valuation of nonmaterial assets and intellectual property | 50 | 20 | 16 | 14 | Test |
| 2.3.2 | Intellectual property as a special object of valuation | 24 | 8 | 8 | 8 | Test |
| 2.3.3 | Pricing in intellectual property | 32 | 16 | 8 | 8 | Test |
| 2.3.4 | Practice of valuation of nonmaterial assets. Term paper on valuation | 24 | 8 | 4 | 12 | Test |
| 2.3.5 | Practice of valuation of intellectual property in particular cases | 32 | 16 | 16 | | Exam |
| TOTAL | | 162 | 68 | 52 | 42 | |
| 2.4 | Theory and practice of valuation of enterprise (business) | | | | | |
| 2.4.1 | Theoretical bases of valuation of enterprise (business) | 72 | 22 | 20 | 30 | Exam |
| 2.4.2 | Valuation of securities. Term paper on the valuation | 20 | 12 | 8 | | Test |
| 2.4.3 | Practice of valuation of enterprise. Term paper on the valuation | 52 | 24 | 8 | 20 | Test |
| 2.4.4 | Valuation of financial in- | 32 | 18 | 8 | 6 | Exam |

| | | Amount of hours | | | |
|---|--|-----------------|------------|------------|------------|
| | stitutes. Value management and restructuring of enterprises and financial institutes | | | | |
| | TOTAL | 176 | 78 | 42 | 56 |
| 3 | Attestation work, graduate practice | | | | |
| 4 | Preparation and delivery of state exam | 12 | 8 | 4 | Exam |
| | GRAND TOTAL | 856 | 396 | 278 | 182 |

Note also typical courses on aspects of real estate valuation (included for licensing in Moscow).

| № | Name of course | Amount of hours |
|-------|--|-----------------|
| 1.1 | Valuation of real estate and bases of valuation of other types of property | 126 |
| 1.1.3 | Valuation of land and natural resources, cadastral land value and technology of mass appraisal | 120 |
| 1.1.4 | real estate management, exploitation, deals and commercial usage | 126 |
| 1.1.5 | Evaluations of correspondence of work volumes to realise facilities. Judicial and creditor building expertise | 126 |
| 1.1.6 | Valuation and expertise of objects in course of construction | 120 |
| 1.3 | Valuation of business and value analysis of enterprise activity | 120 |
| 1.3.1 | Valuation of debtor indebtedness, rights of requirement, obligations (debts). Development of plan of liquidation of an enterprise | 120 |
| 1.6 | Valuation of investment projects and conditions of their financing | 120 |
| 1.7 | Value management and restructuring for business and enterprise | 120 |
| 3.0 | Financial analysis and management of business cash flows | 126 |
| 4.0 | Anti-crisis (competition) control | 240 |
| 6 | Expertise of establishment of rights and valuation of ownership and other property rights on the property and separate belongings from the composition of property | 120 |

5.10 Slovakia

Slovakia has a population of five million, but only two towns with more than 200,000 inhabitants. Bratislava, the capital, has 452,000 inhabitants, and Kosice 241,000. There are another nine towns with populations between about 50,000 and 100,000. The real estate market is at present not very well developed, because of a low demand for property, unsolved constitutional issues and a tough monetary policy in the economy, which is in a state of downturn.

Perceived needs led to the establishment of the Union of Real Estate Offices of the Slovak Republic, and the Association of Real Estate Offices of Slovakia in 1992. In 1998, these organisations merged to form the National Association of Real Estate Offices of Slovakia, NARKS, which is now a member of FIABCI and CEREAN. At present, NARKS has 90 members, both individuals and legal bodies, which it is responsible for training. It is trying to develop a new profile for real estate agents in Slovakia, with responsible and ethical attitudes towards society. In practice, however, this is not easy to achieve, since, according to the *Zivnostensky zakon*, a law on individual entrepreneurs, almost anybody can operate in this field, with or without professional knowledge of real estate transactions or formal training. The government's tolerance of low quality real estate services has resulted in the population having a correspondingly low level of trust in the emergent real estate field.

The small size of the real estate market in Slovakia, together with the unclear legislative status of real estate agents mean that specialised university education is not perceived as an important issue by the real estate professionals. One may perhaps think of this as professional myopia, or the excessively short-term perspective of some specialists, nevertheless, the need for specialists is not too high at present. This is not surprising in the context of the low sophistication of the work of real estate professionals in Slovakia, although there are some exceptions. At the same time, only a limited number of persons have specialised knowledge of some professional areas of the real estate business, but in some instances no expertise at all is available. These are the typical characteristics of underdeveloped real estate markets. During the last year, however, we have observed certain changes in this situation in the capital city Bratislava. Some modern methods typically used in mature real estate markets cannot be used in Slovakia, because of the underdeveloped institutional framework. For example: mortgage finance is used, but on a limited scale; underwriting procedures are not standard and differ from practice in Western countries because of the existing regulations; no real estate company is listed on the stock market; there is obsolete legislation in

the area of rented housing (which is the reason why there is practically no private housing rental market) etc.

NARKS is trying to improve the level of qualifications of its members by organising short-term real estate courses, where real estate specialists, developers, managers, tax and accounting specialists, psychologists, and lawyers provide the lectures. The programme consists of two parts.

In the first part the following topics are presented:

- Conditions and the legal forms of entrepreneurship,
- Legal transactions and relationships in the real estate office,
- Legal contracts in real estate,
- Creation and registration of legal real estate relationships,
- Construction law,
- Accounting and taxes in real estate,
- Management of real estate offices.

In the second part the following topics are presented:

- International real estate markets, the legal conditions for the foreign entrepreneurs to undertake business in Slovakia,
- Management of real estate,
- Lease and sale of real estate,
- Psychology of sale,
- Ethics and etiquette in the real estate business,
- Real estate investments and development,
- Real estate cadaster.

Each part of the programme includes 24 hours of lectures. The course is concluded by a final test. Successful participants are awarded a certificate that is valid for four years.

Two institutes of legal expertise (*Ustavy sudneho znalectva*) in the University of Zilina and in the Faculty of Civil Engineering in Bratislava are at present responding to some of the needs of real estate education. The main reason for their existence is, however, the provision of the real estate expertise for the courts and public administration.

The Institute of legal expertise in Bratislava trains experts in the fields of construction, and land surveying. The aim of the study is to train the students, who already have a university degree and a minimum of five years' practice experience, in real estate valuation and the provision of expert opinions for the courts. The total length of study is four semesters (360 hours). In the last semester, the students prepare their final thesis.

For example, in the area of Legal Expertise in Construction, the following subjects are taught:

- Basics of the legal expertise,
- Basics of the Civil Law,
- Basics of Commercial Law,
- Basics of Penal Law,
- Construction Law and related legislation,
- Structures of buildings,
- Building materials and testing,
- Real estate cadaster,
- Building physics,
- Building technology,
- Mechanics of soils,
- Static analysis of building structures,
- Methodology of the expert opinion,
- Life of Buildings,
- Valuation of real estate (old and new regulations, restitution, foreign methodologies, etc.),
- Valuation of building works,
- Value of the firm,
- Building diagnostics,
- Special methodologies of legal expertise,
- Automation of expertise,
- Practice in the real estate reviews,
- Transport infrastructure,
- Water infrastructure.

Certain elements of real estate are also taught in the Faculty of National Economy, where there are specialists on development and investment work. There is no specialised real estate course however.

In the construction faculty of the Slovak University of Technology, students can specialise in the area of economics and management of the construction industry during the last two years of a five-year course. The knowledge acquired during the five years provides them with some background for working in the real estate field, although not all the knowledge needed for the work of high-quality real estate agents is included in the course. The objective of the study is not, however, to train real estate agents, but to educate managers for the construction industry.

The students taking the specialisation in Economics and Management of Real Estate receive a solid background in construction technology during the

first three years of the course, while in the last two years they take the following subjects:

- 7th semester: Cost estimation and prices in the construction industry, Economy, Operational research, Building Technology, Economic statistics, Accounting.
- 8th semester: Infrastructure and water works, Management information systems, Law 1, Construction of buildings, Financial management 1, Project management 1; Elective courses: Cost estimation 2, Computer accounting, Decision-making analysis, Systems analysis, real estate valuation.
- 9th semester: Law 2, Financial management 2, Project management 2; Transport infrastructure, Strategic management and marketing, Economic project, Special seminar. Elective courses: Application software, Quality management
- 10th semester: Economic project, Thesis seminar, Personnel management, Housing policy, Controlling, Elective courses: Ecology, Value engineering, Ethics, Production management, Territorial marketing. The last semester lasts only 10 weeks: there is no examination in this section apart from the state examinations. During the remaining time students prepare their final theses.

5.11 Ukraine

The situation in the real estate field in the Ukraine is quite well developed. The real estate market there has its peculiarities, namely there are real estate exchanges, which operate together with real estate offices. There are many real estate professionals, who may now join the Association of Real Estate Professionals (Realtors) of Ukraine (URA). In the capital, there is the Union of Real Estate Specialists of Kyiv which has a membership of about 30 firms. Ukrainian valuers have their own professional organisation, the Ukrainian Society of Appraisers, which has founded a FIABCI-Ukraine Chapter and has obtained membership of TEGoVA.

The Co-ordination & Methodical Centre of URA edits the *Ukrainian Real Estate Bulletin*, including an Internet version. A weekly magazine, *Real Estate*, is published in the capital city, Kiev.

Real estate education exists in the form of short-term courses, which are managed by the Fund of State Property of Ukraine, the Ukrainian Society of Appraisers, and the International Centre of Privatisation, Investment and Management. Typical subjects are real estate consulting, valuation of buildings and land, and valuation of businesses.

5.12 Uzbekistan

The real estate market in Uzbekistan is in development. As a result of the privatisation process, more than 20,700 companies have changed the form of their property ownership and management. As at September 1, 1998, on the basis of former state enterprises, 2,916 joint stock companies, 2,966 collective enterprises, 13,544 small private enterprises and 501 joint ventures had been established. The infrastructure for carrying out the privatisation process has been prepared. At present enterprises with privately-owned property comprise 88,2% of the total. They produce 53.3% of gross internal product, including 63.9% of industrial production and 99.3 % of agricultural production. 74 % of the economically active population is employed in the private sector. There is no professional society in the real estate field in Uzbekistan

There are several educational institutions in the Republic of Uzbekistan, such as an Architectural and Constructional Institute as well as a Constructional Faculty under the Technical University, where future potential real estate professionals are trained. However, so far there is no specialisation in real estate there.

Various general periodicals of wide profile are published, which include articles about real estate and advertisements for the purchase and sale of property, but there are no specialised real estate magazines or newspapers.

5.13 Conclusion

In conclusion, we must emphasise that, at present, real estate education in European countries with transition economies has a fragmentary character. The future development of the market economy and the perspective of European integration are however strong driving forces that will increase the need for this specialisation. The preparation of study programmes for real estate requires time, funding and staff. Unfortunately, the overall economic situation, the relatively small numbers and size of real estate transactions, the existing psychological climate and the lack of public finance are all not conducive to the establishment of such specialisations in the universities. This may, however, change with economic development.

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